



Date of Meeting: 3 December 2019

Lead Member: Cllr Matt Hall – Chair, Audit & Governance Committee

Local Member(s): N/A

Lead Officer: Aidan Dunn

**Executive Summary:**

Dorset Council's governance arrangements involve review of the quarterly financial management reports by the Audit & Governance Committee after they have been received by Cabinet.

This report covers the Qtr2 report that was presented to Cabinet on 5 November 2019.

The Cabinet report is attached as Appendix 1. Members may also wish to refer to minutes of the Cabinet meeting for further information regarding the discussion of the report.

**Equalities Impact Assessment:**

This report does not deal with any new strategies or policies that would trigger an impact assessment.

**Budget:**

The report sets out a forecast overspend of £8.2m on Council budgets plus a further predicted overspend of £6.5m on the Dedicated Schools Grant.

The narrative around key variances is set out in the Cabinet paper and is therefore not repeated here.

**Risk Assessment:**

Current Risk: HIGH

Residual Risk: HIGH

Any overspend in 2019/20 will impact on the Council's general funds and/or reserves.

As well as any overspend in-year, the Council will need to take account of any continuing cost or volume pressures when setting the budget strategy for 2020/21 and in the development of the Medium-Term Financial Plan (MTFP).

**Climate implications:**

N/A

**Other Implications:**

N/A

**Recommendation:**

It is recommended that the Committee:

1. note the predicted overspend at the end of the second quarter and the change since Qtr1;
2. discuss and agree what courses of action the Committee wishes to pursue in light of the forecast overspend.

**Reason for Recommendation:**

Amongst other things, the Committee's terms of reference refer to "the Council's risk management framework including the internal control environment, integrity of financial reporting and governance arrangements".

Audit & Governance Committee has already received the Qtr1 Cabinet report and has also, independently of Cabinet, received presentations covering transformation plans in Children's Services and Adults' Services and on the Dedicated Schools Grant and schools financing.

Effective financial management is a cornerstone of this responsibility.

**Appendices:**

Cabinet Qtr2 Finance report 5 November 2019

**Background Papers:****Officer Contact:**

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